

May 25, 1970

Dr. Hubert Heffner
Office of Science and Technology
Executive Office Building
Washington, D.C. 20506

Dear Hu,

I understand you have been working very hard in a study of proposals to shift from fellowships to loans for the support of undergraduate and graduate education. In general I see this as more of a book-keeping maneuver which will nevertheless make certain costs more visible to some members of the community as compared to others. On those grounds alone I would see no basis for any very strong opinions one way or the other, although that might be good enough reason not to provoke a great upset.

There is, however, one implication of a straight loan arrangement that will need very careful consideration. That is the kind of pressure it is going to put on other kinds of funds that may be available for the support of students, for example research assistantships on federally supported grants and various kinds of private moneys. You can visualize the kind of scramble that there is going to be for the allocation of these extra funds against the background of a loan system. So I hope you have thought of some way to minimize the chaos that will result. I find it a little difficult to see how to frame just the right kind of regulation that would prevent it, but perhaps you have spent more ingenuity and effort in trying to work it out. If future incomes are going to be augmented by educational investments, there is every prospect that the government is going to recover the cost of education through the existing system of progressive income tax. If there needs to be any shift at all perhaps it would be sufficient to change the tax laws, so as to provide for the capitalization of personal investments in higher education as a depreciable asset. This would have exactly the same effect in the long run as the loan program you may be studying giving the continued application of the progressive tax schedules. I realize that many not be politically as palatable as other approaches but I hope some effort can be spent in trying to sell it.

Sincerely yours,

Joshua Lederberg
Professor of Genetics

JL/rr

HEFFNER